

Oak Hill Partners

urban development advisors

219-921-1759
oakhill@gte.net
700 W. Oak Hill Road
Porter, Indiana 46304

August 21, 2007

Mr. Tim Sanders, Executive Director
Northwest Indiana Regional Development Authority
9800 Connecticut Drive
Crown Point, IN 46307

RE: Portage Grant Application - 2007

Dear Mr. Sanders:

Thank you for so quickly responding to Portage's request for assistance; a draft RDA grant application is attached. Due to the sensitivity entailed in any prospective real estate transaction, this letter contains information not explicitly stated in the application, which I imagine is immediately public record.

Portage monitors ownership and economic activity of select parcels within jurisdiction of the Marquette Plan as one means of identifying prospective lakeshore redevelopment opportunities. I have been authorized by Portage to negotiate the purchase of approximately 26 acres located north of U.S. 12 on the west side of Burns Waterway. The property has been appraised and Portage is prepared, with your financial assistance, to submit an offer to purchase at appraised value. I believe the owner will accept this offer and a closing scheduled as soon as normal due diligence is completed. This is vacant land, zoned industrial, utilities installed and certified clean by IDEM. The seller has agreed to permit the buyer at buyer's expense to install monitoring equipment within six existing well heads to confirm IDEM's prior findings. The property has been used for truck parking and transit since the early 1960's. It has not otherwise been built upon. Considering what the National Park Service paid for very similar adjacent property, this is a very good price.

The city's Northside Plan and the more encompassing Marquette Plan call for strategic assembly of redevelopment sites as opportunity presents itself. This is definitely one such opportunity. We expect to complete acquisition of a contiguous and similarly useful parcel within the next year via other means. Together these parcels will enable Portage to seek development proposals for an additional marina (sailboat accessible) and related planned residential uses similar in nature to Marina Shores, but closer to the lake. We believe this is the very essence of the Marquette Plan, taking economically obsolescent properties and building again with a 21st century vision.

I hope to discuss this with you and the RDA in greater detail at an appropriate time. The application was put together, as you know, in less than a day and will certainly require tweaking. Please let me know, at your earliest convenience, how to proceed with this request. Thank you.

Respectfully,

John V. Shepherd

John V. Shepherd

**Northwest Indiana Regional Development Authority
Application for Financial Support
General Instructions**

The RDA Board requires that every applicant for funding submit this application form. There are no minimum or maximum length requirements to any question or to the form as a whole. Brevity though is always appreciated, as long as the response is complete. Answers should be detailed and specific as well as focused.

Supporting materials (e.g. studies, plans, reports, etc.) in general should be referred to and the findings summarized in the answers, with the unabridged supporting materials attached to or submitted with the completed application.

The Board or its staff may request clarification and/or supplements to any given answer.

The applicant may submit any additional responses and/or materials it wishes. These should be given after the last response to the Board's questions and identified as supplemental information, materials, etc.

Date of filing August 22, 2007

Applicant **City of Portage**

Contact person: Douglas W. Olson, Mayor
Mailing address: 6070 Central Avenue
Phone: 219-762-5425
Email: dolson@portage-in.com

Or

John V. Shepherd
6070 Central Avenue
Portage, IN 46368
219-764-5743
oakhill@gte.net

Applicant's legal status: **Indiana Municipal Corporation**

- Attach cites to any statutes, ordinances or other laws and rules that specifically establish the applicant, control its activities, and document it's capacity to receive and spend funds.
- Attach a copy of any Articles of Incorporation, by-laws, rules, ordinances, specific government pacts, and related documents.

Project description

Executive summary (500 words)

- Attach extended description

In accord with northwest Indiana's Marquette Plan, Portage has a unique opportunity to acquire property located on the west side of Burns Waterway, north of U.S. Highway 12, and less than 1,320 feet from Lake Michigan. The subject 26 acre property enjoys immediate access to Burns Waterway and, via said waterway, to Lake Michigan. The present owner has determined to liquidate its real estate holdings at Portage. The city has had the property appraised and is prepared to purchase it from a willing seller with the financial assistance of the RDA.

The proposed project is an element of the city's adopted Northside Development Plan and Program, which itself, is an element of the Marquette Plan.

As envisioned by the Marquette Plan, Portage had implemented a program that informs its leadership of prospective changes in land use and ownership within the planning area. The subject site is adjacent to and has access to Portage Beach, a project sponsored by the Indiana Dunes National Lakeshore, City of Portage and the NWI Regional Development Authority.

By taking positive action at transitional moments, lakefront city's can foster economic redevelopment and reuse of a national treasure, Lake Michigan, and ensure that it will be accessible to and enjoyed by many future generations.

Economic Impact Statement

Executive summary (250 words)

- Attach extended economic impact analysis, citing quantitative data including projected impact on jobs and salaries, goods and services purchased in Northwest Indiana, population growth, and so on. Include a description of methodology.

Portage is experiencing considerable economic activity within its *Northside* planning area attributable to prime access (I-94, I-80/90, U.S. 12, U.S. 20, S.R. 249, South Shore Commuter Rail) and visionary thinking enabled by the Marquette Plan. Development underway includes: Ameriplex at the Port, Marina Shores at Dune Harbor, Portage Lakefront Park, and an as yet unnamed 150 acre business park north of I-94 and west of S.R. 249. All of these projects received financial support from the city and state.

Quality of Life Impact Statement

Executive summary (250 words)

- Attach an extended analysis of the projected impact of the project on the environment in Northwest Indiana. Also provide an analysis of the potential of the project to improve social circumstances for residents of Northwest Indiana. Include a description of methodology.

The task at hand relies upon the vision of the Marquette Plan, the planning process of the *Northside* Plan and the cooperation of northwest Indiana's many interest groups. As stated in the September 2004 Quality of Life Indicators Report prepared for the Northwest Indiana Quality of Life Council, "The future depends on collective action." For Portage, collective action has achieved shoreline preservation, hike/bike trail linkages, waterway boardwalks, public and private marinas, mixed use housing planned developments, planned business parks east and west of S.R. 249 and redeployment of economically obsolete industrial real estate.

Funding Request and Financial Analysis

Total project cost: \$365,000
Funds requested from RDA: \$365,000
Total funds from other sources, both received and requested.
Federal: \$18.5 million (see attached line item explanation)
State: \$ 7.5 million (see attached line item explanation)
Local: \$22.5 million (see attached line item explanation)
Private: \$183 million (investment and donations)

- Attach a detailed explanation of the request from the board. Is the request for a specific part of a larger project and if so, define the specific project. Is the request for an outright grant, a loan, an investment to be repaid. Indicate the required flow of funds (single year/multiple years) If bonds are to be issues, are they to be issued by the applicant, the RDA or a third party? Indicate the terms of guarantees and repayment by Applicant by year.

Portage is requesting a grant in the amount of \$365,000 for acquisition costs associated with the purchase of approximately 26 acres. We anticipate completing this transaction during CY 2007 (dependent upon timing of grant award).

- Attach a detailed explanation of the funds from other sources. The amount of financing received or promised from each source, its nature (bonds, loans, grants...), and full payment information.

Project Timeline

- Identify the start date, completion date and significant milestones for the specific project.

October 1: Initiate Compliance Testing at existing well heads (site has been clean certified by IDEM. However, seller has offered and buyer has agreed to utilize existing well heads to conduct updated surveillance for contaminants prior to completing purchase.
November 1: Title Work Complete, exceptions noted and remedies sought
December 1: Compliance testing complete, title exceptions (if any) removed
December 15: Closing on purchase of real estate; document recording; project complete.

Supporting Materials

- Attach unabridged copies of all studies, reports, surveys and other documents supporting this application.
- Attach a statement of the relationship, if any, between this project and any other existing or proposed economic development project for Northwest Indiana.
- Attach any disclosure statements regarding relationships you may have with RDA board members or employees.
- Attach a copy of the ethics guidelines to which the applicant adheres.

Please reference Portage documents on file at RDA offices, including:

Marquette Plan
Portage Northside Master Plan
Portage Lakefront Park Plans and Specs
Cooperative Agreement by Portage and National Park Service
City of Portage Ethics Ordinance

ATTACHMENT

Sources and Uses of Funds

Line Item Explanation

FEDERAL FUNDS

South Shore Industrial Safety Overpass (access to subject site):	\$4,750,000
IDNL Land Acquisition – Tract 09-117	3,000,000
Army Corps Sanitary Sewer Demonstration Grant (sewer to site):	3,000,000
Burns Small Boat Harbor – Construction (permits future marinas):	3,770,558
Burns Small Boat Harbor – O & M, 1988-	4,062,663

STATE FUNDS

Northside Business Park – west of S.R. 249, north of I-94	\$2,500,000
Portage Public Marina - A&E, Construction	4,750,000
Portage Park Foundation – 17 acre Acquisition by Coastal Program	200,000

LOCAL FUNDS

Ameriplex at the Port – TIF Bonds	\$ 2,700,000
Land Acquisition – Site of Northside Business Park	2,250,000
Bass Pro Shops – Economic Development TIF Bonds	17,500,000

PRIVATE INVESTMENTS

Holladay Properties 16-acre land donation to Portage	\$ 1,100,000
Brant Construction (Marina Shores at Dune Harbor)	10,500,000
Brant Construction (Infrastructure at Marina Shores)	18,000,000
Holladay Properties (Ameriplex at the Port internal account)	58,000,000
Ameriplex at the Port – Private Investment by Tenants	95,000,000